

REPORT DIGEST

**GOVERNORS STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
(In accordance with the Single Audit Act of 1984
and OMB Circular A-133)
For the Year Ended June 30, 1995**

{Expenditures and Activity Measures are summarized on the reverse page.}

INTRODUCTION

Governors State University is a two-year upper division university located in University Park, Illinois. The annual full-time equivalent enrollment of Governors State for fiscal year 1995 is approximately 3,600 students.

FINDINGS AND RECOMMENDATIONS

INTERNAL AUDITS

We noted two significant problems with the internal audit function of the University.

First, all major areas of internal control were not covered during the audit period. This problem was compounded by the failure of the University to prepare an approved two-year audit plan as required by the Fiscal Control and Internal Audit Act. Significant internal control areas that should be reviewed by internal audit include purchasing, appropriations, revenues, property and equipment, inventories and electronic data processing (EDP). **This finding has been repeated since 1987.**

Second, no audits were completed during the audit period, therefore, workpapers could not be reviewed and no conclusions made regarding workpaper quality. (Finding 1, page 8)

We recommended the University comply with the provisions of the Fiscal Control and Internal Audit Act by providing internal audit coverage for all required operations within the two-year cycle and update regularly their audit plan.

The University agreed with our recommendations and stated they have begun implementation. (For previous agency responses, see Digest Footnote 1.)

INACCURATE EQUIPMENT AND PROPERTY CONTROL RECORDS

The University's property control records are inaccurate and we could not determine the correct location of property. Equipment installment purchases of \$1,197,940 was not recorded on the University's property records. Also, we could not locate 42% of the items tested and one item overstated the equipment balance.

In addition, the University's fixed asset reports submitted to the State Comptroller were inaccurate and the University did not file its annual inventory certification with the Department of Central Management Services. (Finding 3, page 11)

We recommended the University take a complete physical inventory of equipment and property and adjusted their records accordingly. Also, procedures should be implemented to ensure that documentation is properly completed and submitted to the appropriate personnel.

The University agreed with our recommendation and stated that they are aware of the problem and will take appropriate corrective action.

OTHER FINDINGS

The remaining findings are less significant and are being given appropriate attention by the University.

AUDITORS' OPINION

Our auditors have expressed the opinion that the financial statements of Governors State University are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:ROQ

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	7	9
Repeated audit findings	3	6
Recommendations implemented or not repeated	4	3

SPECIAL ASSISTANT AUDITORS

Nykiel, Carlin, Lemna & Co. served as our special assistant auditors on this audit.

DIGEST FOOTNOTES

#1 Internal Audit Deficiencies - Previous Agency Responses

1994:"The University agrees with the finding and has already begun implementation of the recommendation."

1993:"The University agrees with the finding and has implemented the recommendation."

1991:"The University agrees with the finding and will implement the recommendation."

1989:"The University agrees with the finding and recommendation. A comprehensive audit plan has been submitted to the President of the University which would ensure coverage of all major systems of internal accounting and administrative controls, as well as grants administration within the 1990-91 period, as required by the Internal Audit Act. This plan was approved by the President on July 18, 1989."

1987:"The University concurs with the finding and will implement the recommendation."

**GOVERNOR'S STATE UNIVERSITY
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 1995**

FINANCIAL OPERATIONS (CURRENT FUNDS)	FY 1995	FY 1994
REVENUES		
Appropriations	\$ 19,392,900	\$ 18,942,300
Student tuition and fees	10,645,109	9,460,782
Grants, contracts, and gifts	3,915,461	1,807,445
Auxiliary enterprises	295,217	289,382
Other	<u>1,841,150</u>	<u>1,393,658</u>
Total	<u>\$ 36,089,837</u>	<u>\$ 31,893,567</u>
EXPENDITURES AND MANDATORY TRANSFERS		
Instruction	\$16,505,257	\$ 14,341,798
Research	24,851	41,015
Academic support	1,705,336	1,590,096
Student services	2,042,305	1,770,184
Institutional support	8,388,969	7,988,293
Operation of plant	3,671,203	3,759,293
Staff benefits	1,444,979	1,394,308
Scholarships and fellowships	339,367	414,828
Auxiliary enterprises	290,901	283,730
Mandatory transfers	65,785	31,064
Public service	<u>936,905</u>	<u>573,261</u>
Total	<u>\$ 35,415,858</u>	<u>\$ 32,187,870</u>
SELECTED ACCOUNT BALANCES (ALL FUNDS)	JUNE 30, 1995	JUNE 30, 1994
Cash and short-term investments	\$ 2,559,468	\$ 3,154,990
Accrued compensated absences	6,694,200	6,292,166
Fund balances (deficit):		
Unrestricted	(5,143,061)	(5,817,040)
Restricted	29,983	27,180
Loan	2,577,560	2,251,612
Net investment in plant	64,962,470	57,395,251
SUPPLEMENTARY INFORMATION	FY 1995	FY 1994
Employment Statistics		
Appropriated funds:		
Faculty/administrative	282.1	284.3
Civil service	215.2	211.2
Student employees	34.6	43.5
Nonappropriated funds:		
Faculty/administrative	35.8	28.2
Civil service	38.6	39.9
Student employees	53.3	64.7
Total Employees	659.6	671.8
Selected Activity Measures		
Annual full-time equivalent students - undergraduate	1,887	1,844
Annual full-time equivalent students - graduate	1,738	1,671
Full-time equivalent cost per student	\$8,444	\$8,479
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Paula Wolff		
Currently: Dr. Paula Wolff		